

## Message Text

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13  
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

TRSE-00 OMB-01 NSCE-00 EB-07 STR-04 COME-00 /068 W  
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P R 300418Z OCT 76  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC PRIORITY 2579  
INFO USLO PEKING  
AMEMBASSY TOKYO  
AMEMBASSY TAIPEI

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E.O. 11652: N/A  
TAGS: ETRD, CH, US  
SUBJ: NCUSCT VIEWS ON CHINA TRADE POLICY

REF: PEKING 2100

SUMMARY: IN HONG KONG AFTER TOURING CHINA AND SPEAKING WITH  
PRC TRADE OFFICIALS (REFTEL), NATIONAL COUNCIL FOR US-CHINA  
TRADE (NCUSCT) PRESIDENT PHILLIPS TOLD US BUSINESSMEN HERE ON  
OCTOBER 27 THAT HE EXPECTS INCREASED TRADE WITH CHINA IN THE  
FUTURE. PHILLIPS' ADDRESS WAS WELL COVERED BY PRC-LINKED  
NEWSPAPERS IN HONG KONG. END SUMMARY.

1. HAVING SPOKEN WITH SENIOR CHINESE TRADE OFFICIALS IN  
PEKING, INCLUDING FOREIGN TRADE MINISTER LI CHIANG, PHILLIPS  
HAD THE FOLLOWING TO SAY ABOUT CHINESE TRADE POLICY: (A) THE  
CHINESE SEE THE ABSENCE OF DIPLOMATIC RELATIONS AS THE MAIN  
OBSTACLE TO INCREASED US-PRC TRADE. THE PRC REMAINS  
INTERESTED IN PURCHASING AMERICAN COMPLETE PLANTS, TECH-  
NOLOGY, MACHINERY, WOOD MANUFACTURES AND POSSIBLY COTTON.  
(B) CHINESE TRADE POLICY IS UNCHANGED FROM THE PAST.  
IT IS AIMED AT FULFILLING THE OBJECTIVES SET FOR CHINA

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(THE "FOUR MODERNIZATIONS") BY CHOU EN-LAI AT THE FOURTH

NATIONAL PEOPLE'S CONGRESS IN 1975. (C) THE ABSENCE OF MFN TREATMENT FOR CHINESE EXPORTS IS ANOTHER SIGNIFICANT OBSTACLE TO INCREASED US-PRC TRADE. (D) CHINA IS "CONCERNED" ABOUT THE US-REPUBLIC OF CHINA ECONOMIC COUNCIL.

2. PHILLIPS' TALK AT AN AMERICAN CHAMBER OF COMMERCE LUNCHEON WAS WELL ATTENDED BY US AND CHINESE BUSINESSMEN AND BY LOCAL PRC REPRESENTATIVES FROM CHINA RESOURCES COMPANY AND THE BANK OF CHINA, WHO MADE A FIRST-EVER APPEARANCE AT AN AMCHAM FUNCTION. THE ADDRESS WAS WIDELY COVERED IN THE LOCAL PRESS -- INCLUDING THE PRC-CONTROLLED PAPERS. SIGNIFICANTLY, THE PRC ORGAN TA KUNG PAO CARRIED ON ITS FRONT PAGE A SEPARATE STORY (ACTUALLY A REPRINT OF THE NCUSCT'S CHINA TRADE NEWSLETTER) ON THE NCUSCT GROUP'S VISIT AND ITS DISCUSSIONS WITH LI CHIANG.

3. COMMENT: THE CHINESE --BOTH IN PEKING AND LOCALLY -- SEEM TO HAVE SEIZED UPON THE NCUSCT VISIT AS AN OPPORTUNITY TO REASSURE PHILLIPS ABOUT PROSPECTS IN THE TRADE FIELD -- A MESSAGE THEY HAVE CONVEYED TO NUMEROUS VISITING GROUPS RECENTLY. LI'S STATEMENTS ABOUT CARRYING OUT CHOU EN-LAI'S MODERNIZATION PLANS ARE PARTICULARLY NOTEWORTHY. NEVERTHELESS, IT REMAINS TO BE SEEN WHETHER TRADE, PARTICULARLY US-PRC TRADE, WILL PICK UP SIGNIFICANTLY THIS YEAR.

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